



Department of Justice

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JUSTICE DEPARTMENT APPROVES INGERSOLL-RAND'S ACQUISITION OF ZIMMERMAN INTERNATIONAL

WASHINGTON, D.C. -- The Justice Department today approved Ingersoll-Rand Co.'s acquisition of Zimmerman International Corp., a manufacturer of air balancers - equipment primarily used to lift and move heavy objects on assembly lines - after Ingersoll-Rand agreed to end its licensing arrangement with another manufacturer, Knight Industries. The exclusive licensing agreement allowed Ingersoll-Rand to produce air balancers under its own brand name using Knight's technology.

Eliminating the licensing agreement resolved the Department's concerns that the original deal would have lessened competition in the manufacture and sale of air balancers. Knight will now be free to license others that might wish to enter the industry in the same way that Ingersoll did.

Zimmerman, based in Madison Heights, Michigan, is the largest manufacturer of air balancers in the United States. Zimmerman competes with the Woodcliff, New Jersey-based Ingersoll-Rand, who entered the business in 1994 through a licensing arrangement with Knight Industries, the second largest manufacturer of air balancers.

"If this transaction had gone forward with the licensing agreement between Ingersoll-Rand and Knight Industries in place, it would have significantly reduced competition in the air balancer industry," said Joel I. Klein, Acting Assistant Attorney General in charge of the Antitrust Division. "We are confident that terminating this license will preserve competition in this industry to the benefit of purchasers and users of this important equipment."

Air balancers - safety equipment for manufacturing workers in such plants as auto assembly lines - use pneumatics to hoist and move heavy tools and material, such as automobile components.

The license agreement Ingersoll-Rand had with Knight allowed Knight to continue to sell its own air balancers, but prevented Knight from private labeling or branding its air balancers to anyone other than Ingersoll or from selling its air balancers to certain distributors of air balancers. The license also required both Knight and Ingersoll to exchange technical information about any improvements to the Knight air balancer that developed after the date of the license agreement, and stipulated that the license would cover such improvements.

Had the Department allowed the original deal to go forward with the licensing agreement in place, the requirement that Knight share any improvements to its product with Ingersoll-Rand would have likely decreased Knight's incentives to innovate, because any innovations would now be shared with the owner of Knight's largest and closest competitor.

Knight's air balancer is a close substitute for the Zimmerman air balancer, physically similar and having a reputation in the industry as a comparable product.

Ingersoll-Rand manufactures many different types of industrial equipment, including many types of hoists, winches and related products, such as air balancers, sold by its Materials Handling Business Unit, headquartered in Liberty Corner, New Jersey. In 1995 it had net sales of almost \$6 billion.

Zimmerman International Corporation manufactures materials handling equipment, including air balancers, manipulators, and equipment used with these products, such as overhead rail systems and grabs or hooks.

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